



Washington State Department of  
**Labor & Industries**

*Workers' Compensation Services*



## **Your Premium Dollars at Work**

*Washington's Workers'  
Compensation System*



## December 2012

### Dear Employer:

Last year brought some of the most sweeping changes in the history of Washington's workers' compensation system. Change has brought new opportunities to work with you to reduce your costs and improve health outcomes for your injured workers.

Although still in their infancy, programs such as Stay at Work, the Medical Provider Network and Structured Settlement Agreements are setting new directions for how the Department of Labor & Industries (L&I), employers, workers and medical providers can work together.

For example, in its first six months, the Stay at Work Program reimbursed 858 employers approximately \$3.9 million for keeping 2,014 injured workers on the job. For claims incurred through June 30, 2012, the Stay at Work Program will ultimately reduce net claim costs by about \$15 million through lower time-loss benefit and long-term disability costs.

You can find out more about all of the reform programs at **[www.Lni.wa.gov](http://www.Lni.wa.gov)**.

While work to implement reforms was under way, L&I was already deeply involved in process improvements to enhance our customers' experiences when they do business with us. And we are making a difference.

- More than 100,000 of you now file quarterly reports online through either QuickFile or the Claim & Account Center, reducing the hassle of filing a paper form.
- Using FileFast, medical providers and injured workers filed 17% of all new accident reports electronically, speeding the delivery of care, communications to you, and benefits to workers.

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2013 will bring more changes to the workers' compensation system as we launch the new Medical Provider Network, remain focused on efficiency, and improve the quality of service you receive. Please watch for reports on how these programs are maturing.

L&I will continue to work to support you and your employees by promoting safe work environments, getting injured workers back to work, preventing fraud, and giving you good value for your premium dollars.



Best wishes for a safe and prosperous 2013.

**Vickie Kennedy**  
**Chief Policy Advisor**

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## **What is Workers' Compensation?**

It is a no-fault insurance that covers the costs of medical treatment, partial wage replacement and other benefits for work-related injuries and illnesses. Workers' compensation protects both employers and workers. No-fault means workers give up their right to sue their employer for a work-related injury or illness. In exchange, the insurance protects employers from the cost of extended claims and tort liability.

## **Who is covered?**

Workers' compensations insurance through L&I covered 166,000 employers and about 2,420,000 workers in 2012. Hours reported for the year totaled 3.18 billion. Premiums and investment earnings finance the program. About one-fourth of workers' comp premiums in the state of Washington are paid by employees, while employers cover the rest. In most states, business pays the entire premium.

# Workers' Compensation Statistics at a Glance

| Operating Environment                   | FY 2012         | FY 2011         |
|---|-----------------|-----------------|
| Employers Insured                       | 166,000         | 162,000         |
| Workers Covered                         | 2,420,000       | 2,360,000       |
| Hours Reported                          | 3,183,000,000   | 3,100,000,000   |
| Premiums Assessed (employers' portion)* | \$1,358,000,000 | \$1,210,000,000 |
| Premiums Assessed (workers' portion)*   | \$290,000,000   | \$301,000,000   |
| Benefits Incurred                       | \$1,957,245,000 | \$1,601,225,000 |

| Claim Statistics   | FY 2012   | FY 2011   |
|--|-----------|-----------|
| Number of Claims Filed   | 101,524   | 100,690   |
| Number of Claims Accepted  | 84,863    | 81,274    |
| Number of Claims Denied  | 13,857    | 12,762    |
| Number of Fatal Pensions Awarded                                 | 35        | 59        |
| Number of Total Permanent Disability Pensions Awarded            | 925       | 1,036     |
| Number of Claims Closed with Permanent Partial Disability Awards | 11,524    | 11,782    |
| Number of New Time-loss (Wage Replacement) Claims                | 20,205    | 21,377    |
| Number of Medical-only Claims Accepted                           | 67,539    | 63,308    |
| Number of Retraining Plans Completed                             | 1,665     | 1,667     |
| Total Number of Days Lost from Work                              | 7,850,982 | 8,099,675 |

| Demographics of Accepted Claims    | FY 2012 | FY 2011 |
|------------------------------------|---------|---------|
| Percent of Injured Workers Male    | 67%     | 66%     |
| Percent of Injured Workers Female  | 33%     | 34%     |
| Average Worker Age at Injury       | 38      | 38      |
| Percent of Workers Under Age 30    | 27%     | 28%     |
| Percent of Workers Age 30-50       | 46%     | 47%     |
| Percent of Workers Age 51 and Over | 24%     | 23%     |

| Most Frequent Injuries   | FY 2012<br># of Claims |
|--|------------------------|
| Back, spine and spinal cord: Traumatic injuries to muscles, tendons, ligaments, and joints <i>(includes sprains and strains)</i>   | 10,829                 |
| Finger(s): Open wounds of finger(s), fingernails <i>(includes cuts and lacerations, and amputation of fingertip or finger)</i>   | 8,761                  |
| Face: Surface wounds and bruises <i>(includes splinter or other foreign body in eye, and bruises or contusions of the forehead)</i>  | 3,775                  |
| Leg(s): Traumatic injuries to muscles, tendons, ligaments, joints, etc., such as knee and thigh <i>(excludes ankle and hip)</i>  | 3,484                  |
| Shoulder: Traumatic injuries to muscles, tendons, ligaments, joints, etc. including clavicle and scapula <i>(injuries to muscles, tendons, and ligaments that are not specifically otherwise classified)</i> | 3,457                  |

**Notes:** The data are a snapshot of FY2012 (year ending June 30, 2012) as of fall 2012.

Because of rounding, some columns may not add up to 100%.

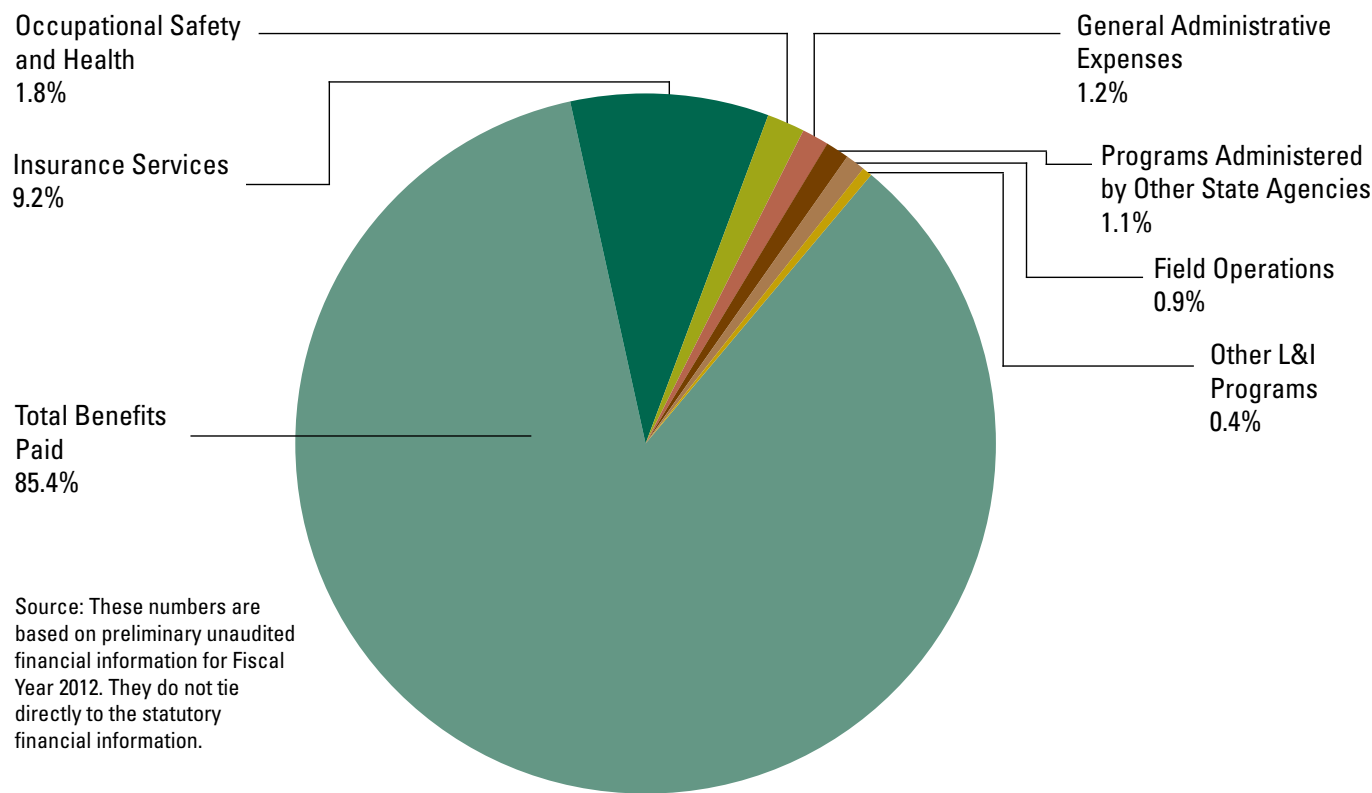
Counts of accepted and denied claims reflect actions in that year regardless of when claim was filed.

Counts of new time-loss (wage replacement) claims reflect claims with first time-loss payments, regardless of year claim was accepted.

\* Includes only Accident and Medical Aid premiums.

# Your State Fund Premium Dollars at Work

An accounting of programs and services funded with your insurance dollars  
July 1, 2011, through June 30, 2012



| EXPENSE CATEGORY   | AMOUNT PAID     | PERCENTAGE |
|--|-----------------|------------|
| Total Benefits Paid  | \$1,462,575,667 | 85.4%      |
| ■ Injured workers’ medical treatment, partial wage replacement, disability and pension benefits (excludes cost-of-living adjustments); employer reimbursements under the Stay at Work Program    |                 |            |
| Insurance Services   | \$157,430,930   | 9.2%       |
| ■ Claims Management: Manage claims, medical treatment and vocational services, pay benefits  | \$69,110,797    | 4.0%       |
| ■ Insurance Services Division Expenses   | \$21,647,769    | 1.3%       |
| ■ Health Services Analysis and Office of the Medical Director: Control medical/ drug costs, manage medical providers, develop treatment guidelines, pay medical treatment bills                  | \$18,708,326    | 1.1%       |
| ■ Information Services: Technology development, and maintain data and voice systems  | \$15,223,929    | 0.9%       |
| ■ Fraud, Collection and Audit: Investigate worker, employer and provider fraud; conduct audits; collect overpayments and delinquent premiums   | \$12,972,908    | 0.8%       |
| ■ Legal Services: Manage appeal cases, recover claim costs from third parties  | \$11,124,391    | 0.6%       |
| ■ Employer Services: Manage employer accounts, assess and collect premiums   | \$8,642,810     | 0.5%       |
| Occupational Safety and Health   | \$30,875,557    | 1.8%       |
| ■ Division of Occupational Safety and Health: Provide safety and health compliance, consultation and education   | \$28,795,805    | 1.7%       |
| ■ Safety and Health Assessment and Research for Prevention (L&I’s safety/health research program)  | \$2,079,751     | 0.1%       |
| General Administrative Expenses  | \$20,179,348    | 1.2%       |
| ■ Human resources, budget and accounting, facilities maintenance, director’s office support of workers’ compensation program   |                 |            |
| Programs Administered by Other State Agencies  | \$18,524,476    | 1.1%       |
| ■ Board of Industrial Insurance Appeals: Independent board, hears appeals in workers’ compensation cases and safety and health citations   | \$13,885,778    | 0.8%       |
| ■ University of Washington Dept. of Environmental & Occupational Health Sciences: Promote safer workplaces and prevent occupational injuries and diseases through teaching, research and service | \$4,145,966     | 0.2%       |
| ■ Health Care Authority: Consolidation of prescription drug purchasing by L&I and other agencies, manage preferred drug list   | \$326,455       | <0.1%      |
| ■ Department of Health: Consolidation of L&I and Dept. of Health responsibilities for inspection of farm worker housing  | \$166,277       | <0.1%      |
| Field Operations: L&I Offices and Staff Costs Statewide  | \$15,930,095    | 0.9%       |
| Other L&I Programs   | \$7,434,205     | 0.4%       |
| ■ Employment Standards/Workplace Rights: Enforce laws regulating child labor, minimum wage, overtime and working conditions  | \$4,798,944     | 0.3%       |
| ■ Apprenticeship: Oversee registered apprenticeship to build a skilled workforce   | \$2,635,260     | 0.1%       |
| TOTAL EXPENSES   | \$1,712,950,277 | 100.0%     |

**Note:** Because of rounding, some columns may not add up to 100%.